

House Study Bill 166 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON ANDERSON)

A BILL FOR

1 An Act relating to business entities by providing for service
2 of process for foreign corporations and the naming of
3 professional limited liability companies, and including
4 effective and applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

SERVICE OF PROCESS

Section 1. Section 490.1510, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. a. A foreign corporation that does not have a current certificate of authority to transact business in this state under section 490.1503 may be served, with respect to an in rem action, in the manner provided in subsections 2 and 3, addressed to the secretary of the foreign corporation at its principal office as found either in the records of the jurisdiction of incorporation or in public records filed by it with an agency of the United States or any state having regulatory authority over the foreign corporation's business and affairs.

b. For purposes of paragraph "a", "*in rem action*" means an action, statutory notice, or demand involving the title to real estate or tangible personal property sited in Iowa; the partition or the foreclosure of a lien or mortgage against real estate; or the determination of the priorities of liens or claims against such real estate or personal property.

Sec. 2. Section 490.1510, subsection 3, unnumbered paragraph 1, Code 2011, is amended to read as follows:

Service is perfected under subsection 2 or 2A at the earliest of:

DIVISION II

NAMING OF PROFESSIONAL LIMITED LIABILITY COMPANIES

Sec. 3. Section 489.1103, Code 2011, is amended to read as follows:

489.1103 Name.

The name of a professional limited liability company, the name of a foreign professional limited liability company or its name as modified for use in this state, and any fictitious name or trade name adopted by a professional limited liability company or foreign professional limited liability company shall contain the words "professional limited liability

1 company", "professional limited company", or the abbreviation
2 "P.L.L.C.", ~~or~~ "PLLC", "P.L.C.", or "PLC", and except for
3 the addition of such words or abbreviation, shall be a name
4 which could lawfully be used by a licensed individual or by a
5 partnership of licensed individuals in the practice in this
6 state of a profession which the professional limited liability
7 company is authorized to practice. Each regulating board may
8 by rule adopt additional requirements as to the corporate names
9 and fictitious or trade names of professional limited liability
10 companies and foreign professional limited liability companies
11 which are authorized to practice a profession which is within
12 the jurisdiction of the regulating board.

13 Sec. 4. Section 489.1304, subsection 3, Code 2011, is
14 amended by adding the following new paragraph:

15 NEW PARAGRAPH. c. If a professional limited liability
16 company's name complied with section 490A.1503 as that section
17 existed on December 30, 2010, that company's name shall also
18 be deemed to comply with the name requirements of section
19 489.1103, Code 2011.

20 Sec. 5. RETROACTIVE APPLICABILITY. Section 489.1103, as
21 amended by this division of this Act, applies retroactively to
22 January 1, 2009.

23 Sec. 6. EFFECTIVE UPON ENACTMENT. This division of this
24 Act, being deemed of immediate importance, takes effect upon
25 enactment.

26 EXPLANATION

27 GENERAL. This bill amends provisions affecting business
28 corporations which are under Code chapter 490, including
29 corporations organized in this state or foreign corporations
30 organized outside this state; and limited liability companies,
31 and specifically professional limited liability companies,
32 organized under Code chapter 489.

33 DIVISION I — BUSINESS CORPORATIONS. The bill amends
34 provisions which provide for service on a foreign corporation
35 which does not have a current certificate of authority to

1 transact business in this state. The bill allows service
2 for an in rem action (against real or personal property) to
3 be accomplished by certified mail addressed to the foreign
4 corporation's secretary at its principal office as listed in
5 public records.

6 DIVISION II — PROFESSIONAL LIMITED LIABILITY COMPANIES. In
7 2008, the general assembly enacted H.F. 2633 (2008 Iowa Acts,
8 ch. 1162), which replaced the Uniform Limited Liability Company
9 Act under Code chapter 490A with the Revised Uniform Limited
10 Liability Company Act under Code chapter 489. An existing
11 limited liability company could continue to be governed under
12 Code chapter 490A until its repeal on December 31, 2010. A new
13 limited liability company formed on or after January 1, 2009,
14 must be formed under Code chapter 489.

15 The bill amends Code section 489.1103, to provide that a
16 professional limited liability company may be referred to as a
17 "professional limited company" or abbreviations of that name;
18 which is the same name or abbreviations recognized under old
19 Code section 490A.1503. This provision applies retroactively
20 to an old professional limited liability company that was
21 subject to Code chapter 490A and is now governed under Code
22 chapter 489; and to any new limited liability company which was
23 formed on or after January 1, 2009, and which has always been
24 governed under new Code chapter 489.

25 This division takes effect upon enactment.